

Support for Businesses: Main Street Lending Program

The Federal Reserve established the Main Street Lending Program to help provide support for small and mid-sized businesses that were in good financial standing before the crisis. Principal will be deferred for two years and interest payments will be deferred for one year. Eligible banks may originate new Main Street loans or use Main Street loans to increase the size of existing loans to businesses. Banks will retain a 5 percent share, selling the remaining 95 percent to the Main Street facility, which will purchase up to \$600 billion of loans. Businesses/Borrowers seeking Main Street loans must commit to make reasonable efforts to maintain payroll and retain workers and follow compensation, stock repurchase, and dividend restrictions that apply to direct loan programs under the CARES Act. Businesses that have taken advantage of the PPP may also take out Main Street loans.

Who Qualifies?

- **Eligible Lenders:** U.S. insured depository institutions, U.S. bank holding companies, and U.S. savings and loan holding companies.
- **Eligible Borrowers:**
 - Businesses with up to 10,000 employees or up to \$2.5 billion in 2019 annual revenues. Must be a business that is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States. Borrower must attest that it requires financing due to COVID-19 and will make reasonable efforts to maintain its payroll and retain its employees during the five year term of the loan.
 - Non-profits (501c3 or 501c19) became eligible as of July 17, 2020. The terms generally mirror the business, however the minimum employment threshold for nonprofits is lowered from 50 employees to 10. Additional terms may be found [here](#).

What is Available?

Unsecured term loan made by an Eligible Lender(s) to an Eligible Borrower that was originated on or after April 8, 2020, provided that the loan meets the following criteria:

1. 5 year maturity;
2. Amortization of principal and interest deferred for two years;
3. Adjustable rate of SOFR + 250-400 basis points;
4. Minimum loan size of \$250,000
5. Maximum loan size that is the lesser of (i) \$35 million or (ii) an amount that, when added to the Eligible Borrower's existing outstanding and committed but undrawn debt, does not exceed four times the Eligible Borrower's 2019 earnings before interest, taxes, depreciation, and amortization ("EBITDA");
6. Prepayment permitted without penalty.

When is the Loan available?

Please contact your local lender for information on availability. These loans can be made until September 30, 2020.

For additional information, please visit:

<https://www.federalreserve.gov/monetarypolicy/mainstreetlending.htm>

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